TL777

INDONESIA
Summary of Five-Year Forecast

SUCCESSION ISSUE
AND ECONOMY
POSE GREATEST RISKS

RISK FORECAST COMPARISONS	18-MONTH	5-YE
Turmoil	Moderate	Mode
Financial Transfer	B-	B-
Direct Investment	B-	C
Export Market	C+	C

President Suharto and his Sekber Golkar party are likely to rule throug
1992... But Suharto's decision to stand for re-election in 1988 and hi
failure to lay groundwork for either a successor or more participation
outside the ruling elite will ultimately undermine political stability.
Support of military-business elite will begin to erode as a result of
dwindling oil, gas, and commodity revenues, and also because of allegat
of corruption and the need for economic restructuring... Many military
leaders who came to power with Suharto have been replaced by senior off
who do not have the same high level of commitment to Suharto... As oil
prices increase, government less likely to pursue policies aimed at
improving the climate for investors... Conservative civilian-military
regime possible, but a Moslem fundamentalist takeover is very unlikely.

1982-86(AVG)	2.4% grwth	8.5% infl	-$4.06bn curr a
1987(F)	-1.0% grwth	8.5% infl	-$3.50bn curr a
1988-92(F)	2.5% grwth	8.0% infl	-$2.00bn curr a

REGIMES AND PROBABILITIES:		SUHARTO/ CHOSEN SUCCESSOR 65%	CIVILIAN-MILITARY 25%	RADICAL MOSLEM 10
RISK FACTORS	BASE			
Turmoil	Low	MORE	MORE	MUCH MORE
Restrictions				
Investment	Very High	SLIGHTLY LESS	Same	MUCH MORE
Trade	Very High	SLIGHTLY LESS	SLIGHTLY MORE	MORE
Economic Problems				
Domestic	Moderate	MORE	MORE	MUCH MORE
International	High	SLIGHTLY LESS	Same	MORE

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